

March 4, 2022

Commissioner Grace Arnold and Deputy Commissioner Kevin Lee
Minnesota Department of Commerce, Division of Energy Resources
85 7th Place East, Suite 500
Saint Paul, MN 55101-2198

**RE: In the Matter of Update to CIP Policy Guidance for Low-Income Programming in Multifamily Buildings with 5+ Units
Docket No. E,G999/CIP-22-41**

Dear Commissioner Arnold and Deputy Commissioner Lee:

Fresh Energy, Natural Resources Defense Council (NRDC), Minnesota Housing Partnership (MHP), and Community Stabilization Project (CSP) thank the Department of Commerce (Department) for leading discussions with interested parties to gathering feedback on revising the Conservation Improvement Program (CIP) Policy Guidance for Low-Income Programming in Multifamily Buildings with 5+ units (Multifamily Guidance), as required by the Energy Conservation and Optimization (ECO) Act.¹

I. Background

Following the passage of the ECO Act in 2021, the Department was directed to “develop guidelines for eligibility of multifamily buildings to participate in low-income programs” and “convene a stakeholder group to review and update these guidelines by August 1, 2021, and at least once every five years thereafter.”²

On July 29, 2021, Fresh Energy, Minnesota Housing, and the Department hosted a “kick-off” meeting to provide background on the current Multifamily Guidance and gather informal comments to assist the meeting facilitators in developing proposed revisions to it. On August 20, 2021, a second meeting was held to summarize the initial feedback received and to further examine what the revised guidelines should include. On January 20, 2022, a third and final meeting was held to present the proposed revised document and allow for participants to react and provide any final informal comments prior to the Department filing the revisions, which it did on February 25, 2022.

We appreciate the Department for providing sufficient time for interested parties to understand the information and provide meaningful feedback to the meeting facilitators. We generally support the proposed revisions to the Multifamily Guidance. One additional modification is proposed below, in addition to general comments for future consideration.

II. Response to proposed guidelines and suggested modifications

We acknowledge and appreciate that the Multifamily Guidance includes an expanded list of eligibility pathways from the current Guidance document, based in part on our participation in the previous working groups.

We note our support for the “Geographical Proxy Methods” pathway, as an option for reducing overly burdensome methods of verification, and should help minimize time, confusion, hassle, and

¹ See 216B.2403 Subd. 5(e). ([Link](#))

² Id.

paperwork required of both the Program Administrator and building owners. We also note, however, concerns expressed in CIP policy guidelines that this method does not require owners to make a long-term commitment to affordability. We provide additional considerations regarding long-term affordability below, and urge that requirements be maintained that condition program participation on a long-term commitment to affordability or other means to protect residents from rent increases, as elaborated below.

III. Other considerations

In addition to the specific language offered above, we would like to outline additional considerations that, while perhaps falling outside the scope of the document, are still important to elevate in the discussion.

First, we suggest the Department adopt a mechanism *to ensure long-term affordability and stabilize rent costs* for renters in buildings that receive energy efficiency upgrades and improvements through low-income CIP spending or other financial mechanisms (e.g. a low-income CIP financial incentive). One mechanism may be requiring the property owner provide the Department a written *letter of commitment* that they will keep rents stable for a *minimum of two years*. Often, energy efficiency improvements to a building increase the market value of the building, which in turn may incentivize a building owner or manager to increase rents to reflect the market value. We find that it is important to consider strategies to prevent unintended increased housing cost burdens to renters, particularly those in under-resourced communities, and for whom the low-income CIP program is meant to serve.

Second, as a general note for future conversations, Fresh Energy and its partners acknowledge that qualifications based solely on income do not capture all those who need assistance: it is important to also identify the number and demographics of participants that are served by income-qualified programs, along with the number and demographics of those that continue to be underserved.

Third, the Department should explore requiring a portion of the program to be targeted to and/or reserved for a subset of very low-income properties. To start, there needs to be a better understanding of where low-income CIP program dollars are currently going, an assessment of the gaps, and then a plan to target programs to serve the buildings and residents most in need within under-resourced communities (e.g., 50% AMI, the most-energy burdened areas, etc.). We are happy to provide examples of similar programs and engage in further discussions on this topic.³

Fourth, we encourage robust data transparency and reporting for this program with information that is disaggregated by race and income, as well as detailing households, units and number of properties served, and eligibility category information.

Lastly, we suggest the Department consider whether the low-income eligibility threshold of at least 66% of units being income-qualified is an appropriate threshold. Other terms, such as “the majority,” or “51% of the units,” may be more appropriate to allow for greater participation in low-income CIP programs.

We encourage the Department to include discussion of these topics as part of the potential “workshops” to be held this spring with utilities, advocates, and other interested parties.⁴

³ For example, see Item 10 of a recent DTE energy efficiency settlement that includes geographic targeting: [link](#)

⁴ Department, *Decision In the Matter of CenterPoint Energy’s 2021-2023 CIP Modification Request filed November 1, 2021*. Issued January 31, 2022, in Docket G999/CI-20-478 at 11. “during the second quarter of 2022, the

IV. Conclusion

Fresh Energy and its partners commend the Department in providing multiple opportunities for public engagement and input regarding the revision of the multifamily eligibility guidance document. We encourage the Department to continue approaching decisions regarding underserved and under-resourced communities in this manner, i.e. in regular discussions with interested parties with sufficiently advance notice. Allowing sufficient time in between meetings for parties to parse the information and collaborate with partners also proves to be a more equitable process.

We appreciate the Department's consideration of these comments and look forward to continued collaboration with the Department in the upcoming workshops to discuss other considerations and opportunities to further improve the design and outcomes of CIP programs, particularly those serving under-resourced households.

Sincerely,

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Fresh Energy

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Minnesota Housing Partnership

Laura Goldberg
National Resources Defense Council

Metric Giles
Community Stabilization Project

Commissioner directs Staff to work with Fresh Energy, the utilities, and other stakeholders to map out the CIP 2024-2026 financial incentive process, including what data would be useful to obtain related to implementation of pre-weatherization measures." Fresh Energy and partners will leverage this process to discuss broader issues related to CIP as well with the Department, utilities, and other parties.